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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 006975

SIPDIS

E.O. 12958: DECL: 08/29/2015

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SUBJECT: JORDANIAN FIRMS TO CODEL HOEKSTRA: STAY THE COURSE
IN IRAQ, CHANGE ECONOMIC DEVELOPMENT PLANS

Classified By: CHARGE CHRISTOPHER HENZEL FOR REASONS 1.4 B, D.

11. (C) SUMMARY: During two informal meetings arranged by Jordanian businessman Khaled Kanaan, a congressional delegation led by House Intelligence Committee chairman Peter Hoekstra heard prominent Jordanian businessmen strongly urge members of congress to remain engaged in Iraq while rethinking the means by which USG private sector programs attempted to provide for Iraq's basic services and infrastructure. In one meeting attended by Charge, Deputy Prime Minister Marwan Muasher told Hoekstra that early U.S. withdrawal from Iraq would be "a catastrophe" for Jordan. The businessmen supported Kanaan's view that the rules for private sector participation in Iraq's reconstruction should be re-written to include "regional" businesses capable of getting the work done now. END SUMMARY.

Businessman Involved in Iraq: "Change the Bids Process"

12. (C) At CODEL's August 21 meeting with Kanaan, CEO and chairman of Mid Jordan Investments and Resources Company -- which is heavily involved in Iraq-related enterprises -- Kanaan painted a picture of a broken plan to stabilize Iraq through economic security. (Minister of Health Said Darwazeh joined the meeting, stating that he owns 12 percent of Kanaan's company.) Kanaan told the story of a successful Iraqi lawyer who left Baghdad for Jordan because his family had no electricity 21-22 hours each day and he could not put kerosene in his backup generator because he had no gas in his car to go fetch it. Oil, water and electricity were all lacking, said Kanaan. Large electric generators were going off line and even less electricity was getting through to the people.

13. (C) Kanaan noted that the "process" was to blame and that prime contractors could not find local Iraqis competent to do the work, but were not allowed to "go to companies in the region" to hire those firms that could get the job done. Kanaan, not shy about promoting his own business, pointed to the success of his firm, which provides complete services to U.S. bases in Iraq. More broadly, he said that many Jordanian firms had long experience in Iraq and could do what others could not. Kanaan also made a strong pitch for the USG to fix the "process" related to infrastructure awards for Iraq's reconstruction. (For example, Kanaan noted that the currently mandated reconstruction contracts failed to require a "Method Statement" explaining how a contractor would complete the task being put out for bid.) He also noted "security" ate up too much of project budgets, that the time between winning bids on projects and signing contracts was too long (two years in the case of a Basra hospital's refurbishment), and that prime contractors were at times significantly delaying payments for work performed (out of incompetence not malice, he noted).

Business Elite, DPM Muasher Add Their Views

14. (C) Minister of Health Darwazeh, expressing an interest in widening the CODEL's understanding of Jordanian perspectives on Iraq, arranged a dinner at his residence with leading Jordanian businessmen on August 23. Joining him along with Charge were Deputy Prime Minister Marwan Muasher and Minister of Labor Basem Al Salem. Included in the group were the CEOs of four of Jordan's most prominent companies -- Fadi Ghandour of ARAMEX; Mazen Darwazeh of Al Hikma Pharmaceuticals; Ghassan Nuqul of the Nuqul Group; and Ali Al-Husri of the Export and Finance Bank. Others included businessmen having licensing agreements with leading U.S. movie studios and record labels, or with U.S. alcoholic beverage firms.

15. (C) Commenting on that day's international media focus on U.S. opponents to the effort in Iraq, DPM Muasher told Rep. Hoekstra and Charge that it would be "a catastrophe" if the U.S. were to significantly scale back its military presence in Iraq before Iraqi forces were "ready to control the situation." The CEOs, while critical of the initial U.S. decision to intervene, agreed with Muasher that an early exit would spell serious trouble for the region. They again placed emphasis on fixing the process in Iraq regarding private sector involvement. Export and Finance Bank CEO Ali Al-Husri complained that while his bank's investment in a private bank in Iraq was resulting in more services to the

local business community there, he was facing extreme difficulty with several Iraqi ministries, which delayed action unnecessarily. Jordanian businessman Samir Murad said that corruption was an increasing problem in Iraq.

16. (C) While the businessmen could not agree on a specific way forward, a number stressed the need to achieve basic security and economic stability first, before focusing on political development. Curbing corruption was a top priority. Some argued that the de-Ba'athification process had gone on too long, that some former Ba'ath Party members were not really Saddam supporters, and that these individuals were now needed to move Iraq's economic development forward.

Unanimity on Staying the Course -----

17. (C) The one theme that emerged with a single voice was the request from this group -- a mixture of East Bankers, West Bank Palestinians, Christians and Muslims -- that the U.S. continue its presence in Iraq. Training more Iraqi soldiers and police in Jordan would help security (as would bringing back some Ba'athists in the security arena). One or two expressed disenchantment with an "occupying force" in Iraq. Nonetheless, none could agree that the hasty pullout of U.S. or coalition forces was an acceptable alternative at present.

18. (C) "Jordan has put all of its chips on the table with the United States," said Minister Darwazeh. The GOJ would continue to back the U.S., but the U.S. should not withdraw troops now, he said.

19. (SBU) Khaled Kanann of MJC and his colleague, Donald Bray, are preparing what they call a "white paper regarding regional private sector partnerships for progress in Iraq." We expect this paper, being prepared for submission to other members of Congress, will flesh out some of the themes raised at the meeting with CODEL Hoekstra.

COMMENT -----

10. (C) Putting aside the obvious self-interest, there may be one or two constructive points in the germinal stages among the suggestions and critiques being raised by these Jordanian businessmen. Post will follow up on the proposed white paper.

11. (U) CODEL Hoekstra did not have the opportunity to clear this message.
HENZEL